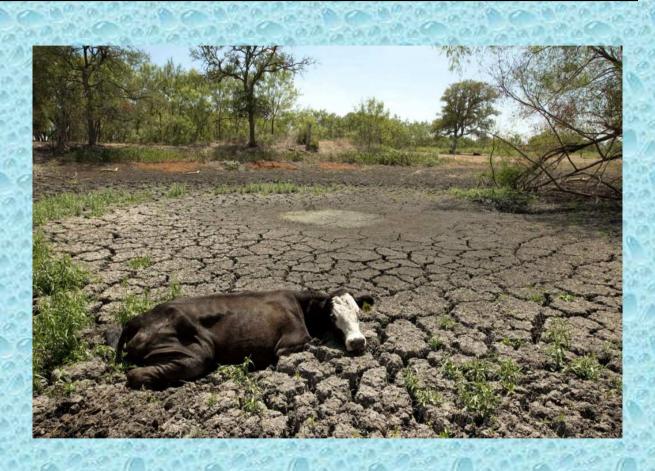
Whiskey is for Drinkin' Water is for Fighting Over – M.Twain



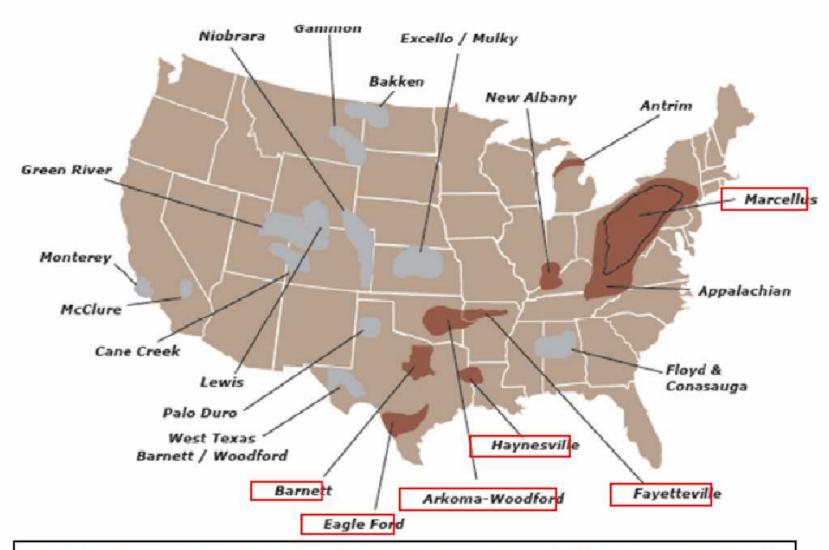
Hydraulic Fracturing, Misconceptions and Economics

BY

Richard Eyster, P.G.

Texas Department of Agriculture

U.S. Gas Shale Basins



23 Significant Gas Shale Basins in U.S. - over 55,000 Producing Wells

Hydraulic Fracturing

 Hydraulic Fracturing (Fracing) is a safe, proven Technology and Provides needed income for landowners

1st Frac jobs were in 1940s

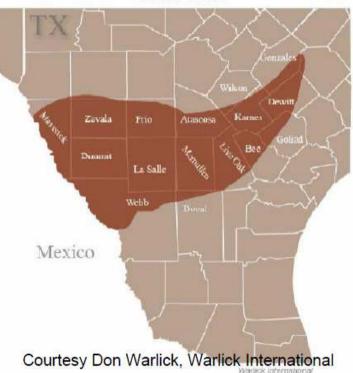
Technology has Advanced, Safer more Efficient

 Frac Zones are isolated by steel casing, cement and thousands of feet of impervious rock and clay.



Eagle Ford Shale?

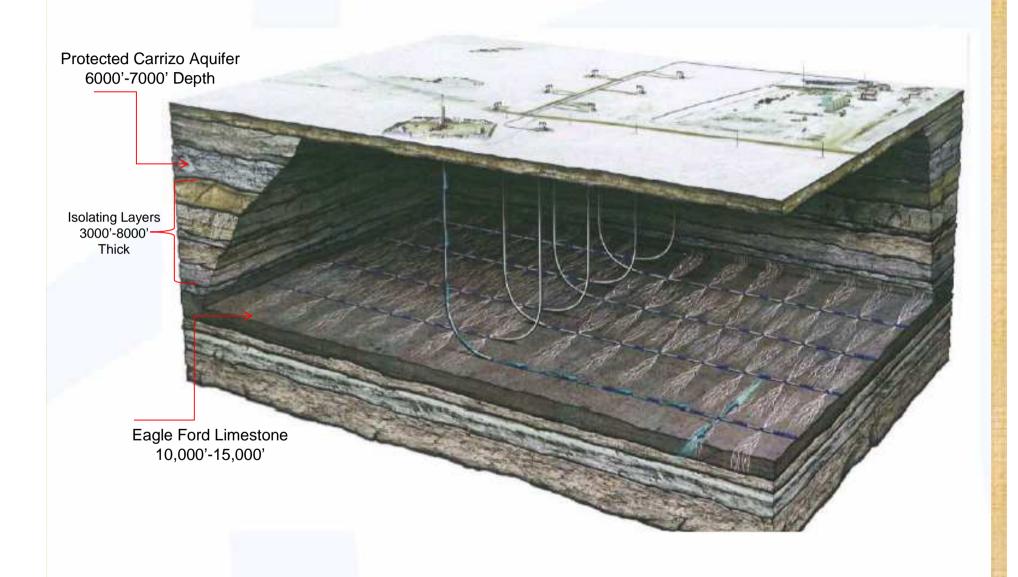
Eagle Ford Shale Play South Texas



- Middle Cretaceous
- Basin Area = 3,800 mi²
- Rec. Reserves = 21 Tcf
- Depth = 10,500 11,300 ft
- Thickness = 300 475 ft
- Avg. Well IP = 6.0 MMcfd +cond/oil
- Horiz Laterals = 3,800 5,500 ft

Source Rock NOT Reservoir Rock

Eagle Ford Lateral Well Pattern In "Layer Cake"

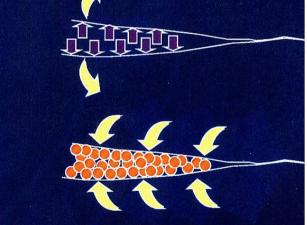




What is Hydraulic Fracturing

Objective: create a high conductivity plane with the reservoir

The rock is split using the liquid lever principle

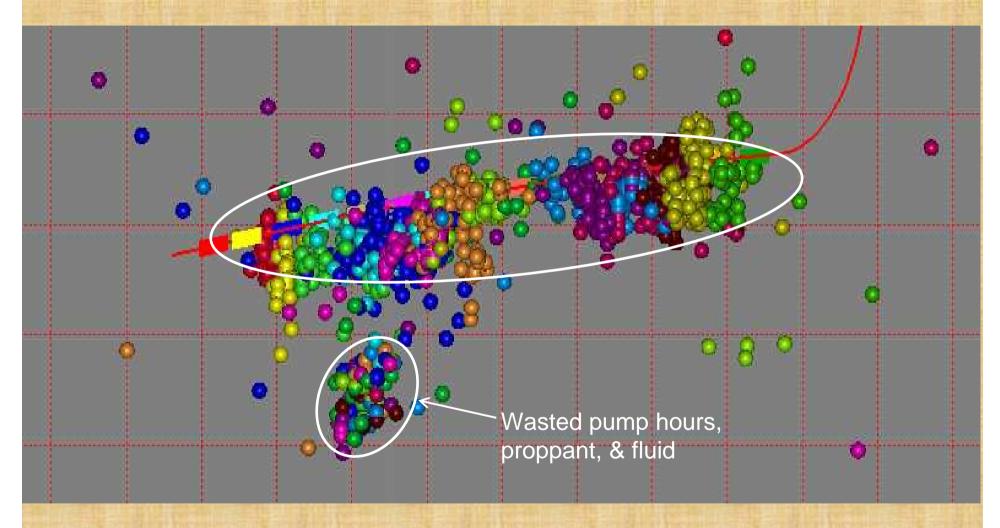


 The split or fracture is held open using a hard granular material called proppant





Encountering a Fault Zone - "Locked Strain"



Note: Frac Energy Goes DOWN a Fault Plane, not UP!!! <u>Why???</u>
Locked Strain Increases with Depth – Meaning Rocks Have a Greater Willingness to Break with Depth - Reduced Overburden Dissipates Strain and Increases "Peanut Butter" Response Upwards



Water Use and Recovery

- Typical Frac Job uses 3-10 m/gallons of water
- 20-30% Recovery of Frac Fluid, some Reuse
- Golf Course uses 10 million gallons in a month or so
- Frac Job is a One time Use Well can be converted to other uses, irrigation, livestock.

Landowner Economics

Royalties From Surface and Mineral Rights

Sell or lease Surface or Groundwater rights

• 40 cents to 70 cents/BBL- One BBl is equivalent to 42 gallons

Convert Frac water well to irrigation or stock

Groundwater Contamination

1. Natural Causes - Formation Geology

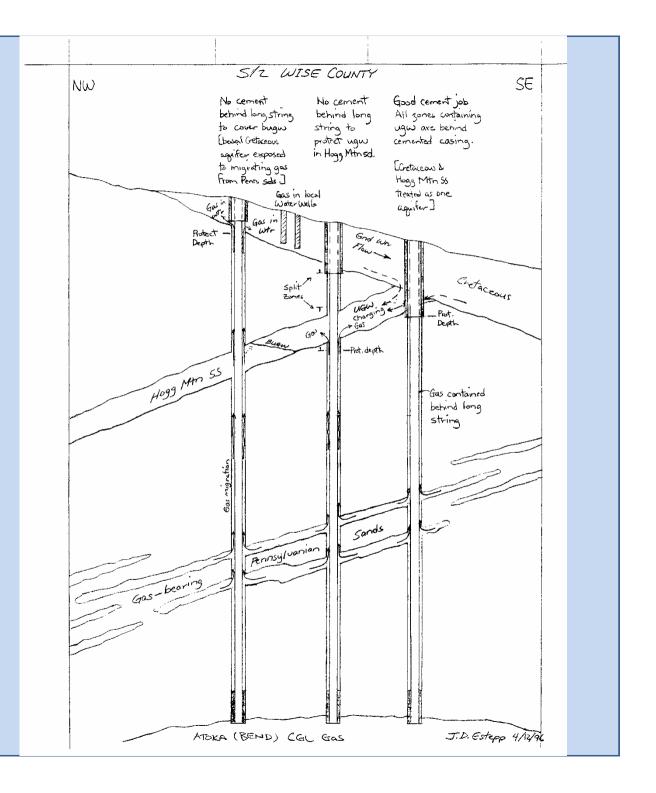
2. Bad Well Design - Poor Cement Job

3. Casing Failure

4. Surface Spills

5. Blow Out

Gas Contamination
Pathways into Protected
Groundwater





Blow Out



CONCLUSIONS

 Protected Groundwater is not impacted by a properly designed well and Frac Job.

 Water Demand for Fracing will decrease as technology advances

Fracing Can be Lucrative for Landowners

http://m.youtube.com/index?desktop_uri= %2F&gl=US#/watch?v=nvnnBcxhzNA